

Message Text

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ACTION EB-08

INFO OCT-01 NEA-11 ISO-00 AID-05 CIAE-00 COME-00

FRB-03 INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02

OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-07 CEA-01 PA-01 /091 W

-----057947 101107Z /13

R 100806Z MAY 78

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 7913

INFO AMEMBASSY AMMAN

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

AMEMBASSY TEL AVIV

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E.O. 11652: NA

TAGS: EFIN ECON LE

SUBJ: GOL INCREASES BUDGET FOR 1978, DEFICIT HIGHER

1. SUMMARY: GOL INCREASES BUDGET FOR 1978. GREATER RISE IN EXPENDITURES THAN REVENUES YIELDS WIDER DEFICIT. END SUMMARY.

2. PARLIAMENT VOTED AND PRESIDENT ELIAS SARKIS HAS SIGNED GOL BUDGET FOR 1978, CONCLUDING LENGTHY REVIEW OF THE DOCUMENT IN PARLIAMENTARY COMMITTEES. LEGISLATIVE PROCESS, WHICH BEGAN IN OCTOBER 1977 AND REPORTEDLY WAS IMPEDED BY FEBRUARY-MARCH SECURITY INTERRUPTIONS, PRODUCED INCREASES AS FOLLOWS: (FIGURES ARE FOR SO-CALLED "ORDINARY STATE BUDGET" CORRESPONDING TO REFTEL DATA):

(MILLIONS OF LL)

ITEM	OCTOBER	NEW FIGURE	INCREASE
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FIGURE

TOTAL EXPENDITURE	2083.0	2536.83	21.8PCT.
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TOTAL RECEIPT	1403.0	1679.83	19.7PCT.
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PROJECTED DEFICIT	680.0	857.0	26PCT.
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3. INCREASE IN BUDGET CONTAINS TWO DISTINCT ELEMENTS, A SALARY ADJUSTMENT FOR GOVERNMENT WORKERS OF LL 276.8 MILLION AND AN INCREASE IN OTHER EXPENDITURES OF LL 177 MILLION. THE SALARY ADJUSTMENT IS FULLY COVERED BY A PROJECTED INCREASE IN REVENUES, MAINLY FROM CUSTOMS RECEIPTS. THE EXPENDITURE PORTION IS UNCOVERED AND ACCOUNTS FOR THE HIGHER DEFICIT.

(MILLIONS OF LL)

INCREASED OUTLAYS INCREASED REVENUES

TOTAL	453.8	276.8
SALARY COMPONENT	276.8	
OTHER EXPENDITURES	177.0	
UNFUNDED BALANCE		(177.0)

WE WILL KNOW DETAILED DISPOSITION OF LL 177 MILLION NEW EXPENDITURE WHEN BUDGET DOCUMENT PUBLISHED IN MID-JUNE.

4. FINANCING THE DEFICIT: ARTICLE 11 OF THE BUDGET BILL AUTHORIZED GOL TO ISSUE TREASURY BONDS AND TO OBTAIN LOANS AND CREDIT LINES ON INTERNATIONAL MONEY MARKETS UP TO OVERALL CEILING OF LIMITED OFFICIAL USE

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LL 850 MILLION. BANK SOURCES INFORM EMBASSY THAT GOL WILL NEED APPROXIMATELY LL 500 MILLION IN NEW FINANCING BETWEEN APRIL 30 AND END OF 1978. SINCE DOMESTIC LIQUIDITY REMAINS HIGH AT APPROXIMATELY LL 12 BILLION IN BANK DEPOSITS, TAPPING IT IS MAINLY A MATTER OF TECHNIQUE: MARKET WANTS MATURITIES AT 3 MONTHS TO ONE YEAR WHILE GOL WOULD PREFER OFFER 3-5-YEAR MATURITIES.

5. COMMENT: GOL BUDGETS ARE LOOSELY WOVEN, WITH REVENUES TYPICALLY UNDERSTATED AND OBLIGATIONS UNDERSPENT IN COURSE OF THE YEAR. IF 1978 SEES NO SERIOUS IMPAIRMENT OF THE ECONOMY, DEFICIT COULD BE LESS THAN PROJECTED.

6. FULLER DETAILS INCLUDING BUDGET ANNEXES WILL BE SUBJECT OF AIRGRAM WHEN FINAL BUDGET PUBLISHED.
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Message Attributes

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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
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Disposition Reason:
Disposition Remarks:
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